

INTERNAL CONTROL

Policies and Procedures (Mandatory) of **G. DAS CAPITAL MARKETS PVT. LTD.**

A. Refusal of orders for “Penny Stocks

Although, the term “Penny Stock” has not been defined by **BSE / NSE** or any other stock exchange or by SEBI, a “Penny Stock” generally refers to a stock which has following characteristics:

- Has small market capitalization;
- Trades at a price less than its face value
- Has unsound fundamentals
- Is illiquid (A list of illiquid securities is jointly released by BSE / NSE from time to time.)

G. DAS CAPITAL MARKETS PVT. LTD. recognizes that it is the client's privilege to choose shares in which he / she would like to trade. However, **G. DAS CAPITAL MARKETS PVT. LTD.** likes to pay special attention to dealing in “Penny Stocks”. To this end:

- **G. DAS CAPITAL MARKETS PVT. LTD.** may refuse to execute any client's orders in “Penny Stocks” without assigning any reason for the same.
- Any large order for purchase or sale of a “Penny Stock” should be referred to Head – Dealing before such orders can be put in the market for execution.
- Clients must ensure that trading in “Penny Stock” does not result in creation of artificial volume or false or misleading appearance of trading. Further, clients should ensure that trading in “Penny Stock” does not operate as a device to inflate or depress or cause fluctuations in the price of such stock
- Clients are expected not to place orders in “Penny Stocks” at prices which are substantially different from the prevailing market prices. Any such order is liable to be rejected at the sole discretion of **G. DAS CAPITAL MARKETS PVT. LTD.**
- In case of sale of “Penny Stocks”, clients should ensure the delivery of shares to **G. DAS CAPITAL MARKETS PVT. LTD.** before the pay-in date.

B. Setting up client's exposure limit

- Exposure limit for each client is determined by the Risk Management Department based on client's net worth information, client's financial capacity, prevailing market conditions and margin deposited by client in the form of funds / securities with **G. DAS CAPITAL MARKETS PVT. LTD.** These limits may be set exchange-wise, segment-wise, and scrip-wise.
- The limits are determined by Risk Management Department based on the above criteria and the payment history of the client in consultation with Sales / Sales traders.
- **G. DAS CAPITAL MARKETS PVT. LTD.** retains the discretion to set and modify, from time to time, any client's exposure limit decided as above.
- Whenever any client has taken or wants to take exposure in any security, **G. DAS CAPITAL MARKETS PVT. LTD.** may call for appropriate margins in the form of early pay-in of shares or funds before or after execution of trades in the Cash segment. In case of any margin shortfall, the clients will be told to reduce the position immediately or they will be requested to deposit extra margin to meet the shortfall. Otherwise, **G. DAS CAPITAL MARKETS PVT. LTD.** may refuse to trade on behalf of such client at its own discretion.

C. Applicable brokerage rate

- Brokerage Rate is mutually decided between the **G. DAS CAPITAL MARKETS PVT. LTD.** and each client based on client's net worth, expected trading volume, etc. The maximum brokerage chargeable will not exceed the rates prescribed by SEBI and the exchanges.

- The applicable brokerage rate will be mentioned in the Client registration form and any change in the brokerage rate in future will be communicated to the client.

D. Imposition of penalty / delayed payment charges by either party, specifying the rate and the period

- Penalty and other charges levied by Exchanges pertaining to trading of the client shall be recovered from the respective client.
- If there is delay on the part of the client in satisfying his / her margin obligation or settlement obligation then **G. DAS CAPITAL MARKETS PVT. LTD.** shall levy delayed payment charges at the rate of 12% p.a. on such shortfall for the period of delay on such client. **G. DAS CAPITAL MARKETS PVT. LTD.** shall recover such delayed payment charges from the client by debiting the client's account.
- No interest or charges will be paid by **G. DAS CAPITAL MARKETS PVT. LTD.** to any client in respect of retention of funds or securities towards meeting future settlement obligations and in respect of running account authorizations.

E. Right to sell clients' securities or close clients' positions, without giving notice to the client, on account of non-payment of client's dues

- **G. DAS CAPITAL MARKETS PVT. LTD.** has the right to close out / liquidate or square off any open position of the client (limited to the extent of settlement / margin obligation), without giving any prior notice, all or any of the client's positions as well as securities / collaterals placed as margins for non-payment of margin or other amounts due from such client in respect of settlement or any other dues that are recoverable from the client by **G. DAS CAPITAL MARKETS PVT. LTD.** The proceeds of the same shall be adjusted against the client's liabilities / obligations. Any loss or financial charges on account of such close-out / liquidation shall be debited to the client's account.

F. Shortages in obligations arising out of internal netting of trades

- To determine the net obligation of a broker / trading-cum-clearing member (for securities and funds) in a settlement, clearing house does the netting of trades at the broker level. It is possible that a broker's net obligation towards clearing house may be nil but because of default by one or more clients in satisfying their obligations towards the broker, the broker internally might have shortages in fulfilling its obligation towards the other client(s). In such a situation, **G. DAS CAPITAL MARKETS PVT. LTD.** shall endeavor to collect the securities from the selling client and deliver it to the purchasing client within 48 hours of the settlement date. In case the selling client is unable to deliver the securities within 48 hours, then **G. DAS CAPITAL MARKETS PVT. LTD.** shall attempt to purchase the securities from the market and deliver it to the purchasing client. If **G. DAS CAPITAL MARKETS PVT. LTD.** is unable to obtain the securities from the market, then the transaction will be closed out as per the auction rate prescribed by the Exchange for that scrip and the closing amount will be credited to the purchasing client and same will be debited to the selling client.

OR

- In case of shortage in meeting the settlement obligation, either party shall endeavor to make good such shortage through securities / value of shortage as per the Rules, Regulations and Bye-laws of the respective stock exchange .

G. Conditions under which a client may not be allowed to take further

G. DAS CAPITAL MARKETS PVT. LTD. shall have absolute discretion and authority to limit client's volume of business or to close any existing position of a client without giving any prior notice to the client under following conditions:

- Extreme volatility in the market or in particular scrip or in the F&O segment.

- There is shortfall in the margin deposited by client with **G. DAS CAPITAL MARKETS PVT. LTD.**
- There is insider trading restrictions on the client.
- There are any unforeseen adverse market conditions or any natural calamity affecting the operation of the market.
- There are any restrictions imposed by Exchange or Regulator on the volume of trading outstanding positions of contracts.
- The client is undertaking any illegal trading practice or the client is suspected to be indulging in money laundering activities.
- **G. DAS CAPITAL MARKETS PVT. LTD.** has reached its limit in that scrip.
- The client has breached the client-wise limit.
- The client has taken or intends to take new position in a security which is in the banned period.
- Due to abnormal rise or fall in the market, the markets are closed.

H. Temporarily suspending or closing a client's account based on the client's request:

- Any client desirous of temporarily suspending his or her trading account has to give such request in writing to the management. After management's approval, further dealing in such client's account will be blocked. Whenever trade has to be resumed in any suspended client account, a request in writing should be made by the client to the management and the management may ask for updated financial information and other details for reactivating such account. After receiving necessary documents, details, etc. and approval from the management, the client account will be reactivated and transaction will be carried out.
- Similarly, any client desirous of closing his / her account permanently is required to inform in writing and the decision in this regard will be taken by the management. After necessary approval from the management, the client code will be deactivated. Only after scrutinizing the compliance requirements and a "no pending queries" confirmation is taken, securities and funds accounts will be settled.

I. Deregistering a Client

G. DAS CAPITAL MARKETS PVT. LTD. may, at its absolute discretion, decide to deregister a particular client. The illustrative circumstances under which **G. DAS CAPITAL MARKETS PVT. LTD.** may deregister a client are given below:

- SEBI or any other regulatory body has passed an order against such client, prohibiting or suspending such client from participating in the securities market.
- Such client has been indicted by a regulatory body or any government enforcement agency in case of market manipulation or insider trading or any other case involving violation of any law, rule, regulation, guideline or circular governing securities market.
- Such client is suspected of indulging in illegal or criminal activities including fraud or money laundering.
- Such client's name appears in the UN list of prohibited entities or in the SEBI debarred list.
- Such client's account has been lying dormant for a long time or the client is not traceable.
- Such client has been declared insolvent or any legal proceedings to declare him / her as insolvent have been initiated.
- Such client has been irregular in fulfilling obligations towards margin or settlement dues.
- Such client has a tainted reputation and any business relationship with such clients is likely to tarnish the reputation of **G. DAS CAPITAL MARKETS PVT. LTD.** or may act as detriment to **G. DAS CAPITAL MARKETS PVT. LTD.** prospects.

Policy for Client Code Modification :

Online Modification :

Genuine punching errors in client codes while placing orders shall be allowed to be modified.

Client code modification facilities shall be disabled from all the dealer terminals.

Client code modification shall be carried out only from the admin terminals only on intimation by the directors.

While carrying out code modification, genuineness of the punching errors shall be verified against corroborative circumstantial evidences like similarities of codes, trades in immediately preceding codes, square off trades without holdings or position or any such other evidences shall have to be taken into account.

Off Line back office modification :

Genuine punching errors in client code, if detected after the end of post closing sessions may be allowed to be modified subject to the verification of genuineness as narrated above.

For F&O segment as far as possible, the errors would be rectified by reversal trade in next trading session and the rate differences shall be set off by passing a JV entry in the ledgers of affected clients. In case the client do not agrees to keep such wrong trade record in his account, such trades may be rectified by moving both legs of the trades to the account of actual client instead of settling it through JV entry.

For Cash segment any such errors would be rectified after verifying genuineness.

Any such back office client code modification shall be carried out by Mr.Umesh Poojary, who is in charges of back office processing, or person so authorised by him under permission from any of the director of the co.

A register containing required details shall be maintained for all such modifications. Concerned dealer shall enter the required details and sign in the register which shall be approved by counter signature of any of the directors.

Circulation of Unauthenticated New :

As per code of conduct for Stock Broker in SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 and SEBI circular Cir/sd/1/2011 dated March 23, 2011, all SEBI registered market intermediaries are required to have proper internal code of conduct to govern the conduct of its Employees. In view of same, G. Das Capital Market Pvt. Ltd implements code of conduct for communicating through various modes of communication. Employees/temporary staff / voluntary workers are prohibited from :

1. Circulation of unauthenticated news related to various scrips in blogs / chat forums/email etc.
2. Encouraging or circulating rumors or unverified information obtained from client, industry, any trade or any other sources without verification.
3. Forwarding any market related news received either in their official mail / personal mail/blog or in any other manner except after the same has been seen and approved by the Compliance Officer.

If an employee fails to do so, he/she shall be deemed to have violated the various provisions contained in SEBI Act/Rules/Regulations etc. and shall be liable for actions.